

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>City of Ferrysburg</b>	County <b>Ottawa</b>
Audit Date <b>6/30/05</b>	Opinion Date <b>9/30/05</b>	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Beene Garter LLP</b>			
Street Address <b>50 Monroe NW, Suite 600</b>		City <b>Grand Rapids</b>	State <b>MI</b>
Accountant Signature <i>Beene Garter LLP</i>		ZIP <b>49503-2679</b>	Date <b>10/23/05</b>

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGASWEEN**

*FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION*

*Year Ended June 30, 2005*

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## INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

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Honorable Mayor, Members of Council  
and the City Manager  
The City of Ferrysburg  
Ferrysburg, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of The City of Ferrysburg, Michigan as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of The City of Ferrysburg, Michigan as of June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information on pages 2 through 7 and 47 through 53, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Breene Harter WHP*

September 30, 2005  
Grand Rapids, Michigan

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## MANAGEMENT DISCUSSION AND ANALYSIS

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## MANAGEMENT DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Ferrysburg's financial performance provides readers an overview of the City's financial activities for the fiscal year ended June 30, 2005. We encourage readers to read this information in conjunction with the City's financial statements.

### FINANCIAL HIGHLIGHTS

- During the year, the City had revenues in Governmental Activities that were \$496,372 more than the \$2.081 million in expenses.
- The City's business-type activities had revenues of \$570,597 while expenses were \$687,587.
- The cost of all City programs were \$2.769 million.
- The General fund reported a decrease this year of \$9,100.

### USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three (3) components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide corporate-like statements and provide readers with a broad overview of the City's finances.

The Statement of Net Assets and the Statement of Activities report information about the City as a whole. These two statements help answer the question "Is the City as a whole better off or worse off as a result of the year's activities?" These two statements report the City's net assets and changes in them.

Governmental activities and Business-type activities are reported in these two statements. Governmental activities reflect the City's basic services, including police, fire, public works, and recreation. Property taxes and State Revenues finance the majority of these services. Business-type activities reflect private-type operations. The City's water and sanitary sewer system is reported here.

The Government-wide financial statements can be found on pages 8-10 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The Fund Financial Statement allows the demonstration of sources and uses and the associated budgeting compliance. The funds of the City are divided into three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

### City of Ferrysburg's Net Assets

Summary of Net Assets as of June 30, 2005 and 2004:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Current Assets	\$ 2,497,139	\$ 2,534,167	\$ 954,096	\$ 1,251,460	\$ 3,451,235	\$ 3,785,627
Capital Assets	2,496,389	1,821,203	5,350,900	5,570,483	7,847,284	7,391,686
Total Assets	<u>\$ 4,993,523</u>	<u>\$ 4,355,370</u>	<u>\$ 6,304,996</u>	<u>\$ 6,821,943</u>	<u>\$ 11,298,519</u>	<u>\$ 11,177,313</u>
Current liabilities	\$ 221,946	\$ 80,166	\$ 107,156	\$ 521,142	\$ 329,102	\$ 601,308
Long-term debt outstanding	--	--	1,423,442	1,409,413	1,423,442	1,409,413
Total Liabilities	<u>\$ 221,946</u>	<u>\$ 80,166</u>	<u>\$ 1,530,598</u>	<u>\$ 1,930,555</u>	<u>\$ 1,752,544</u>	<u>\$ 2,010,721</u>
Net Assets:						
Invested in capital assets, net of debt	\$ 2,496,384	\$ 1,821,203	\$ 3,927,458	\$ 3,725,635	\$ 6,423,842	\$ 5,546,838
Restricted	4,425	86,650	154,123	179,677	158,548	266,327
Unrestricted	2,270,768	2,367,351	692,817	986,076	2,963,585	3,353,427
Total net assets	<u>\$ 4,771,577</u>	<u>\$ 4,275,204</u>	<u>\$ 4,774,398</u>	<u>\$ 4,891,388</u>	<u>\$ 11,298,519</u>	<u>\$ 9,166,592</u>

A portion of the City's governmental activities' net assets of \$4,425 (0.09%) represents resources that are subject to external restriction on how they may be used. The City may use the remaining balance of unrestricted net assets of \$2,270,768 (45.5%) to meet its ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three (3) categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

MD&A  
Page Three

Summary of changes in Net Assets for the year ended June 30, 2005 and 2004:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 481,367	\$ 330,990	\$ 481,707	\$ 484,641	\$ 963,074	\$ 815,331
Federal Grants	20,722	--	--	--	20,722	--
State grant and entitlements	401,016	620,147	--	--	401,016	620,147
<b>General revenues</b>						
Property taxes	1,157,688	1,097,193	217,928	207,224	1,375,616	1,304,417
State Revenue	264,701	267,429	--	--	264,701	267,429
Investment Earnings	62,965	38,639	18,962	12,192	81,927	50,831
Other revenue	41,074	44,930	--	--	41,074	44,930
<b>Total Revenues</b>	<b>2,429,533</b>	<b>2,399,328</b>	<b>718,597</b>	<b>703,757</b>	<b>3,148,130</b>	<b>3,103,085</b>
<b>Expenses</b>						
General government	553,754	483,295	--	--	553,754	483,295
Public safety	548,276	518,213	--	--	548,276	518,213
Public Works	738,372	666,171	--	--	738,372	666,171
Parks and recreation	133,152	140,333	--	--	133,152	140,333
Other	107,607	52,539	--	--	107,607	52,539
Interest on long-term debt	--	--	69,064	111,928	69,064	111,928
Water & sewer	--	--	618,523	434,678	618,523	434,678
<b>Total Expenses</b>	<b>2,081,161</b>	<b>1,860,551</b>	<b>687,587</b>	<b>546,606</b>	<b>2,768,748</b>	<b>2,407,157</b>
Excess before transfers	348,372	538,777	170,353	157,151	379,382	695,928
Transfers	148,000	223,865	(148,000)	(223,865)	--	--
<b>Changes in Net Assets</b>	<b>\$ 496,372</b>	<b>\$ 762,642</b>	<b>\$ (116,990)</b>	<b>\$ (66,714)</b>	<b>\$ 379,382</b>	<b>\$ 695,928</b>



The increase in the City's net assets was due to:

- The City was allowed by State law to increase its property tax by 2.3% (the rate of inflation). The City's assessed value of property increased by 5.58%, however, because of property tax limitation laws, tax revenue was limited.
- State shared revenue decreased by 1.1%. The State of Michigan collects sales tax and redistributes a portion of these collections to local jurisdictions. The State's financial condition and its ability to finance any temporary cash flow deficiencies affect the amount distributed.

### **Business-type Activities**

The City has two business-type activities: the water and sanitary sewer system. Revenues in the City's Water and Sewer funds were \$718,597 and expenses were \$835,587 including transfers of \$148,000.

### **The City's Funds**

For the fiscal year ending June 30, 2005, the governmental funds reported a combined fund balance of \$2.243 million.

Each year the State provides the City with a portion of the gasoline tax revenues it collects. This money can only be used to replace, maintain, or improve the City's roads. During the fiscal year, the City used \$457,873 to improve over one (1) mile of local streets.

The City also received funding from the Michigan Department of Transportation in the amount of \$164,570 for the North Shore Road improvement project. During the year, the City used \$235,777 to improve North Shore Road.

### **General Fund Budgeting Highlights**

City departments overall stayed below budget, resulting in total expenditures of \$223,921 below budget. However, the general fund balance decreased by \$9,080.

## **Capital Asset and Debt Administration**

### **Capital Assets**

During the fiscal year ending June 30, 2005, the City invested in a broad range of capital assets. This year's major additions included:

City Hall video system	\$ 8,146
City Hall furniture	6,713
Fire Department rescue equipment	16,946
Thermal imaging camera	6,450
Hot patch machine	10,000

The Fire Department received a FEMA grant for \$20,722 towards the purchase of the Fire Department Equipment.

### **Debt**

The City incurred no new debt during the fiscal year ending June 30, 2005. The balance owing on the city water system and sanitary sewer system at year end was \$1,423,442.

### **Economic Factors and Next Year's Budget and Rates**

The West Michigan area, especially the Northwest Ottawa region economic outlook compare favorably to the economic outlook on the nation as a whole. The unemployment rate for Ottawa County at June 30, 2005 was 5.3 percent, which is comparable to the state's average unemployment rate of 6.8 percent.

The City will place a proposal on the November 8 City Election ballot, requesting voters to approve the Headlee rollback. Although the City has not levied its maximum millage allowed under Proposal A during the past seven (7) years, voter approval of this proposal will allow the City to maintain the services provided by the City if state revenue is cut.

### **Financial Contact**

The City's financial statements are designed to present a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about this report or need additional financial information, contact Ferrysburg City Hall, P.O. Box 38, Ferrysburg, MI 49409-0038.

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## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**STATEMENT OF NET ASSETS**

June 30, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 2,270,991	\$ 546,256	\$ 2,817,247
Receivables, net	182,159	146,441	328,600
Prepaid expenses	30,073	-	30,073
Restricted assets			
Cash	13,916	255,606	269,522
Special assessment receivable	-	5,793	5,793
Capital assets, net of depreciation	2,496,384	5,350,900	7,847,284
<b>TOTAL ASSETS</b>	<b>\$ 4,993,523</b>	<b>\$ 6,304,996</b>	<b>\$ 11,298,519</b>
<b>LIABILITIES</b>			
Accounts payable - trade	\$ 201,985	\$ 67,847	\$ 269,832
Salaries payable	13,029	-	13,029
Accrued liabilities	6,932	39,309	46,241
Noncurrent liabilities			
Bonds payable, due within one year	-	204,083	204,083
Bonds payable, due in more than one year	-	1,219,359	1,219,359
<b>TOTAL LIABILITIES</b>	<b>221,946</b>	<b>1,530,598</b>	<b>1,752,544</b>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	2,496,384	3,927,458	6,423,842
Restricted for:			
Debt service	-	154,123	154,123
Other purposes	4,425	-	4,425
Unrestricted	2,270,768	692,817	2,963,585
<b>TOTAL NET ASSETS</b>	<b>4,771,577</b>	<b>4,774,398</b>	<b>9,545,975</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,993,523</b>	<b>\$ 6,304,996</b>	<b>\$ 11,298,519</b>

See accompanying notes

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
<b>Primary government</b>						
Governmental activities	\$ 553,754	\$ 56,107	\$ 20,722	\$ -	\$ (476,925)	\$ -
Public safety	548,276	21,325			(526,951)	
Public works	738,372	400,469	236,446	164,570	63,113	
Parks and recreation	133,152				(133,152)	
Other	107,607	3,466			(104,141)	
Total governmental activities	2,081,161	481,367	257,168	164,570	(1,178,056)	-
Business-type Activities						
Water and sewer	687,587	481,707			-	(205,880)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 2,768,748</b>	<b>\$ 963,074</b>	<b>\$ 257,168</b>	<b>\$ 164,570</b>	<b>(1,178,056)</b>	<b>(205,880)</b>
General revenues						
Taxes						
Property taxes, levied for general purposes					1,157,688	217,928
Property taxes, levied for debt service						217,928
State-shared revenues					264,701	264,701
Interest and investment earnings					62,965	81,927
Other					29,474	29,474
Special item - Gain on disposal of assets					11,600	11,600
Transfers					148,000	(148,000)
<b>TOTAL GENERAL REVENUES</b>					<b>1,674,428</b>	<b>88,890</b>
<b>CHANGE IN NET ASSETS</b>					<b>496,372</b>	<b>(116,990)</b>
Net Assets at Beginning of Year					4,275,205	4,891,388
<b>NET ASSETS AT END OF YEAR</b>					<b>\$ 4,771,577</b>	<b>\$ 4,774,398</b>
						<b>\$ 9,545,975</b>

See accompanying notes

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## GOVERNMENTAL FUNDS

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	<u>General Fund</u>	<u>Major Street Fund</u>
<b>ASSETS</b>		
Cash	\$ 714,391	\$ 334,709
Receivables		
Taxes	37,327	
Special assessments		6,932
Interest	599	277
Due from other governmental units	97,764	29,406
Prepaid expenditures	22,090	1,927
Restricted cash	13,916	
<b>TOTAL ASSETS</b>	<u><u>\$ 886,087</u></u>	<u><u>\$ 373,251</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable - trade	\$ 30,247	\$ 4,095
Salaries payable	5,196	
Deferred revenue		6,932
<b>TOTAL LIABILITIES</b>	<b>35,443</b>	<b>11,027</b>
<b>FUND BALANCE</b>		
Reserved for		
Prepaid expenses	22,090	1,927
Harbor Transit	4,425	
Unreserved	824,129	360,297
<b>TOTAL FUND BALANCE</b>	<u><u>850,644</u></u>	<u><u>362,224</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 886,087</u></u>	<u><u>\$ 373,251</u></u>

**CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2005

<u>Local Street Fund</u>	<u>Public Improvement Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Building Department Fund</u>	<u>Total Governmental Funds</u>
\$ 319,367	\$ 127,632	\$ 651,175	\$ 77,938	\$ 2,225,212
				37,327
				6,932
265	106	540	65	1,852
8,840				136,010
				24,017
				13,916
<u>\$ 328,472</u>	<u>\$ 127,738</u>	<u>\$ 651,715</u>	<u>\$ 78,003</u>	<u>\$ 2,445,266</u>
\$ 153,311	\$ -	\$ -	\$ 2,160	\$ 189,813
				5,196
				6,932
<u>153,311</u>	<u>-</u>	<u>-</u>	<u>2,160</u>	<u>201,941</u>
				24,017
				4,425
<u>175,161</u>	<u>127,738</u>	<u>651,715</u>	<u>75,843</u>	<u>2,214,883</u>
<u>175,161</u>	<u>127,738</u>	<u>651,715</u>	<u>75,843</u>	<u>2,243,325</u>
<u>\$ 328,472</u>	<u>\$ 127,738</u>	<u>\$ 651,715</u>	<u>\$ 78,003</u>	<u>\$ 2,445,266</u>

See accompanying notes



**CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO  
STATEMENT OF NET ASSETS

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June 30, 2005

**Amounts reported for governmental activities in the  
statement of net assets are different because:**

Total Fund Balance - Governmental Funds	\$ 2,243,325
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Capital assets used in governmental activities  
are not financial resources and therefore are  
not reported in the governmental funds.

The cost of capital assets is

\$ 3,980,472

Accumulated depreciation is

(1,484,088)

2,496,384

Internal service funds are used by management to  
charge the costs of certain activities to individual  
funds. The assets and liabilities of internal service  
funds are included in governmental activities in  
the statement of net assets.

31,868

**Total Net Assets - Governmental Activities**

**\$ 4,771,577**

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See accompanying notes

	General Fund	Major Street Fund
<b>Revenues</b>		
Taxes	\$ 742,397	\$ -
Special assessments		3,466
Licenses and permits		
Federal grants	20,722	
State grants	264,701	346,370
Charges for services	56,107	
Fines and forfeits	21,325	
Interest	27,385	6,515
Other revenue	5,153	
<b>TOTAL REVENUES</b>	<b>1,137,790</b>	<b>356,351</b>
<b>Expenditures</b>		
Current		
General government	475,233	
Public safety	542,319	
Public works	100,941	421,573
Parks and recreation	189,986	
Capital outlay	30,324	
Other	59,866	
<b>TOTAL EXPENDITURES</b>	<b>1,398,669</b>	<b>421,573</b>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>(260,879)</b>	<b>(65,222)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	251,800	71,000
Transfers (out)		(11,100)
<b>NET CHANGE IN FUND BALANCES</b>	<b>(9,079)</b>	<b>(5,322)</b>
<b>Fund Balance at Beginning of Year</b>	<b>859,723</b>	<b>367,546</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 850,644</b>	<b>\$ 362,224</b>

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS -  
GOVERNMENTAL FUNDS**

Year Ended June 30, 2005

Local Street Fund	Public Improvement Fund	Vehicle Replacement Fund	Building Department Fund	Total Governmental Funds
\$ -	\$ 323,696	\$ 91,595	\$ -	\$ 1,157,688
				3,466
			47,935	47,935
				20,722
54,646				665,717
				56,107
				21,325
1,875	11,878	13,155	1,764	62,572
				5,153
<b>56,521</b>	<b>335,574</b>	<b>104,750</b>	<b>49,699</b>	<b>2,040,685</b>
				475,233
				542,319
518,359				1,040,873
				189,986
				30,324
		10,000	24,271	94,137
<b>518,359</b>	<b>-</b>	<b>10,000</b>	<b>24,271</b>	<b>2,372,872</b>
(461,838)	335,574	94,750	25,428	(332,187)
435,000				757,800
(3,700)	(564,000)	(11,000)	(20,000)	(609,800)
(30,538)	(228,426)	83,750	5,428	(184,187)
205,699	356,164	567,965	70,415	2,427,512
<b>\$ 175,161</b>	<b>\$ 127,738</b>	<b>\$ 651,715</b>	<b>\$ 75,843</b>	<b>\$ 2,243,325</b>

See accompanying notes

**CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

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Year Ended June 30, 2005

**Amounts reported for governmental activities in the  
statement of activities are different because:**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (184,187)</b>
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Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation expense	\$ (107,972)	
Expenditures for capital assets	<u>806,627</u>	698,655

Internal service funds are used by management to charge the costs of certain activities to individual funds.

The net revenue (expense) of the internal service funds is reported with governmental activities.	<u>(18,096)</u>
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<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 496,372</u></b>
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See accompanying notes

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## PROPRIETARY FUNDS

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	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
<b>ASSETS</b>				
Current Assets				
Cash	\$ 269,917	\$ 276,339	\$ 546,256	\$ 45,779
Receivables				
Accounts	43,301	67,144	110,445	
Interest receivable	247	418	665	38
Connection fees receivable		13,977	13,977	
Special assessments - deferred	10,785	10,569	21,354	
Prepaid expenses			-	6,056
Restricted assets				
Cash	27,868	227,738	255,606	
Special assessment receivable - current	3,140	2,653	5,793	-
<b>Total Current Assets</b>	<b>355,258</b>	<b>598,838</b>	<b>954,096</b>	<b>51,873</b>
Noncurrent Assets				
Capital assets, net of accumulated depreciation	3,336,476	2,014,424	5,350,900	95,520
<b>TOTAL ASSETS</b>	<b><u>\$ 3,691,734</u></b>	<b><u>\$ 2,613,262</u></b>	<b><u>\$ 6,304,996</u></b>	<b><u>\$ 147,393</u></b>

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**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**

June 30, 2005

	Sewer Fund	Water Fund	Total Enterprise Funds	Internal Service Fund
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 23,636	\$ 44,211	\$ 67,847	\$ 12,172
Salaries payable				7,833
Current portion of bonds payable	25,000	179,083	204,083	
<b>Total Current Liabilities</b>	<b>48,636</b>	<b>223,294</b>	<b>271,930</b>	<b>20,005</b>
Noncurrent liabilities				
Deferred revenue	12,109	13,223	25,332	
Deferred connection fee revenue		13,977	13,977	
Bonds payable, net of deferral on advanced refunding	101,870	1,117,489	1,219,359	
<b>Total Noncurrent Liabilities</b>	<b>113,979</b>	<b>1,144,689</b>	<b>1,258,668</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>162,615</b>	<b>1,367,983</b>	<b>1,530,598</b>	<b>20,005</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	3,209,606	717,852	3,927,458	95,520
Restricted for				
Prepaid expenses				6,056
Debt service	5,468	148,655	154,123	
Unrestricted	314,045	378,772	692,817	25,812
<b>TOTAL NET ASSETS</b>	<b>3,529,119</b>	<b>1,245,279</b>	<b>4,774,398</b>	<b>127,388</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,691,734</b>	<b>\$ 2,613,262</b>	<b>\$ 6,304,996</b>	<b>\$ 147,393</b>

See accompanying notes

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS**

Year Ended June 30, 2005

	Sewer Fund	Water Fund	Total Enterprise Funds	Internal Service Fund
<b>Operating Revenues</b>				
Charges for services	\$ 179,676	\$ 236,749	\$ 416,425	\$ 352,534
Penalties and interest charges	6,025	6,454	12,479	
Connection fees	30,115	17,908	48,023	
<b>TOTAL OPERATING REVENUES</b>	<b>215,816</b>	<b>261,111</b>	<b>476,927</b>	<b>352,534</b>
<b>Operating expenses</b>				
Cost of sales and services	93,002	234,888	327,890	355,128
Depreciation	186,597	103,768	290,365	33,474
<b>TOTAL OPERATING EXPENSES</b>	<b>279,599</b>	<b>338,656</b>	<b>618,255</b>	<b>388,602</b>
<b>OPERATING LOSS</b>	<b>(63,783)</b>	<b>(77,545)</b>	<b>(141,328)</b>	<b>(36,068)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Property taxes	217,928		217,928	
Interest income	6,296	12,666	18,962	393
Gain on sale of assets			-	11,600
Other income	1,749	2,763	4,512	5,979
Interest expense	(12,070)	(56,994)	(69,064)	
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>213,903</b>	<b>(41,565)</b>	<b>172,338</b>	<b>17,972</b>
<b>NET INCOME (LOSS) BEFORE TRANSFERS OUT</b>	<b>150,120</b>	<b>(119,110)</b>	<b>31,010</b>	<b>(18,096)</b>
Transfers out	(74,000)	(74,000)	(148,000)	
<b>CHANGE IN NET ASSETS</b>	<b>76,120</b>	<b>(193,110)</b>	<b>(116,990)</b>	<b>(18,096)</b>
<b>Total Net Assets at Beginning of Year</b>	<b>3,452,999</b>	<b>1,438,389</b>	<b>4,891,388</b>	<b>145,484</b>
<b>TOTAL NET ASSETS AT END OF YEAR</b>	<b>\$ 3,529,119</b>	<b>\$ 1,245,279</b>	<b>\$ 4,774,398</b>	<b>\$ 127,388</b>

See accompanying notes



**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**

Year Ended June 30, 2005

	Sewer Fund	Water Fund	Total Enterprise Funds	Internal Service Fund
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 453,866	\$ 246,106	\$ 699,972	\$ -
Internal activity - receipts from other funds				352,534
Payments to suppliers	(91,935)	(207,531)	(299,466)	(50,162)
Payments to employees				(294,182)
Other receipts (payments)	1,749	2,763	4,512	5,980
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>363,680</b>	<b>41,338</b>	<b>405,018</b>	<b>14,170</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Operating subsidies and transfers to other funds	(74,000)	(74,000)	(148,000)	
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchases of capital assets		(70,782)	(70,782)	(10,000)
Proceeds from sale of capital assets				11,600
Principal paid on capital debt	(261,221)	(160,185)	(421,406)	
Interest paid on capital debt	(12,070)	(56,994)	(69,064)	
<b>NET CASH (USED) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(273,291)</b>	<b>(287,961)</b>	<b>(561,252)</b>	<b>1,600</b>
<b>Cash Flows from Investing Activities</b>				
Interest income	6,049	12,248	18,297	355
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>22,438</b>	<b>(308,375)</b>	<b>(285,937)</b>	<b>16,125</b>
<b>Cash at Beginning of Year</b>	<b>275,347</b>	<b>812,452</b>	<b>1,087,799</b>	<b>29,654</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 297,785</b>	<b>\$ 504,077</b>	<b>\$ 801,862</b>	<b>\$ 45,779</b>

See accompanying notes

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)**

Year Ended June 30, 2005

	Sewer Fund	Water Fund	Total Enterprise Funds	Internal Service Fund
<b>Cash at End of Year Consists of the Following</b>				
Cash	\$ 269,917	\$ 276,339	\$ 546,256	\$ 45,779
Restricted assets - cash	27,868	227,738	255,606	-
<b>CASH AT END OF YEAR</b>	<b><u>\$ 297,785</u></b>	<b><u>\$ 504,077</u></b>	<b><u>\$ 801,862</u></b>	<b><u>\$ 45,779</u></b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>				
Operating income (loss)	\$ 155,894	\$ (74,782)	\$ 81,112	\$ (30,088)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation expense	186,597	103,768	290,365	33,474
Change in assets and liabilities				
Accounts receivable	21,660	(9,568)	12,092	-
Prepaid expenses				(101)
Accounts payable	1,067	27,357	28,424	9,913
Salaries payable			-	972
Deferred revenue	(1,538)	(5,437)	(6,975)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 363,680</u></b>	<b><u>\$ 41,338</u></b>	<b><u>\$ 405,018</u></b>	<b><u>\$ 14,170</u></b>

See accompanying notes

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**FIDUCIARY FUNDS**

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**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**STATEMENT OF NET ASSETS - FIDUCIARY FUNDS**

June 30, 2005

	Fire Department Trust Fund	Tax Collection Agency Fund
<b>ASSETS</b>		
Cash	<u>\$ 443</u>	<u>\$ 1,394</u>
<b>LIABILITIES</b>		
Accrued liabilities		\$ 317
Due to other funds	<u>-</u>	<u>1,077</u>
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$ 1,394</u>
<b>NET ASSETS</b>		
Held in trust	<u>\$ 443</u>	

See accompanying notes

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS**

Year Ended June 30, 2005

	<u>Fire Department Trust Fund</u>
<b>ADDITIONS</b>	
Miscellaneous revenue	\$ 522
<b>DEDUCTIONS</b>	
Miscellaneous deductions	<u>994</u>
<b>CHANGE IN NET ASSETS</b>	(472)
<b>Net Assets at Beginning of Year</b>	<u>915</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 443</u></u>

See accompanying notes

June 30, 2005

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Ferrysburg was incorporated in 1963 under the provision of the Home Rule Act of the State of Michigan. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, health, recreation, public improvements, utilities, planning and zoning, and general administrative services.

The accounting policies of The City of Ferrysburg conform to U.S. generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

### **Reporting Entity**

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

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June 30, 2005

Excluded from the reporting entity:

Ottawa Area Intermediate School District, Grand Haven Public School System, and Loutit District Library. These potential component units have separate elected and/or appointed boards and provide services to residents, generally within the geographic boundaries of the City. These are excluded from the reporting entity because the City does not have the ability to exercise influences or control over their daily operations, approve budgets or provide funding.

Grand Haven-Spring Lake Sewer Authority, Northwest Ottawa Water System, Harbor Transit Advisory Committee, and North Ottawa Community Hospital Authority. These potential component units have been appointed jointly by the area governments' governing bodies. These are independent units that select management staff, set user charges, establish budgets, and control all aspects of their daily activities.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

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June 30, 2005

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Real estate and personal property tax revenues are recorded as revenues principally on the cash basis until year-end, at which time tax receipts received within 60 days of year-end are accrued. Permits and fines are recorded as revenues when received. Intergovernmental revenues, consisting principally of categorical aid from state agencies, are recognized when earned. Revenues from general purpose grants are recognized in the period to which the grant applies.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available criteria" for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

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NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

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June 30, 2005

**Governmental Funds**

The City reports the following major governmental funds:

**General Fund**

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Major Street Fund**

The Major Street Fund is a special revenue fund used to account for the resources of state gas and weight tax revenues that are restricted for the repair, maintenance, and construction of the City's major streets as identified by the State of Michigan Department of Transportation.

**Local Street Fund**

The Local Street Fund is a special revenue fund used to account for the resources of state gas and weight tax revenues that are restricted for the repair, maintenance, and construction of the City's local streets as identified by the State of Michigan Department of Transportation.

**Public Improvement Fund**

The Public Improvement Fund is a special revenue fund used to account for the collection of property tax revenues that are transferred to the General Fund or other special revenue funds for various public improvement capital outlays.

**Vehicle Replacement Fund**

The Vehicle Replacement Fund is a special revenue fund used to account for the collection of property tax revenues that are transferred to the General Fund or other special revenue funds and is used to purchase vehicles for City business.

**Building Department Fund**

The Building Department Fund is a special revenue fund that accounts for the activities of the various building, plumbing, electrical, and mechanical inspections performed on behalf of the City and the related permit fee collections.

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NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

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June 30, 2005

**Proprietary Funds**

The government reports the following major proprietary funds:

**Sewer Fund**

The Sewer Fund accounts for the activities of the sewage collection system.

**Water Fund**

The Water Fund accounts for the activities of the water distribution system.

Additionally, the City reports the following fund types:

**Internal Service Fund**

The Internal Service Fund is used to account for the financing of goods or services provided by the Public Works Department to other departments of the City on a cost-reimbursement basis.

**Fiduciary Fund Type**

**Trust and Agency Funds**

Trust Funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and/or other funds. The City maintains a Fire Department Fund used to account for various activities of the City's fire department.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has a Deferred Compensation Fund used to account for payments into the deferred compensation plan.

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)**

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June 30, 2005

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

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June 30, 2005

**Budgets and Budgetary Accounting**

The City follows these procedures, which comply with legal requirements, in establishing the budgetary data reflected in the financial statements:

- a. On or about April 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally enacted through passage of a resolution.
- d. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- e. Budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles.
- f. Formal budgetary integration is used as a management control device during the year for all funds.

Budgeted amounts are as originally adopted, or as amended by the City Council as of June 30, 2005.

**Property Taxes**

Property taxes are levied on July 1 and become a lien as of the same date. Taxes may be paid on or before August 31, without penalty. The City bills and collects its own property taxes and also property taxes for the local and intermediate school districts, the county, and the state. Collection of these taxes and remittance of them to the districts, the county, and the state are accounted for in the Tax Collection Agency Fund. City property tax revenues are recognized in the period for which they are levied.

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

The City is permitted by law to levy taxes up to 5 mills (\$5.00) per 1,000 mills (\$1,000) of taxable value for general operating purposes, excluding payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt upon general election approval. The City is also permitted by law to levy taxes up to 5 mills (\$5.00) per 1,000 mills (\$1,000) of taxable value for street lighting and purposes other than operating expenses. The City is also permitted by law to levy taxes: up to 1 mill (\$1.00) per 1,000 mills (\$1,000) of taxable value for public transportation purposes; up to 1.25 mills (\$1.25) per 1,000 mills (\$1,000) of taxable value for vehicle replacement purposes; up to .25 mills (\$.25) per 1,000 mills (\$1,000) of taxable value for museum purposes; and up to .125 mills (\$.125) per 1,000 mills (\$1,000) of taxable value for council on aging purposes.

Tax rates for the year ended June 30, 2005 are as follows (per 1,000 mills) (\$1,000):

General operating	5.0000 Mills	\$	(5.0000)
Street lighting	.2692 Mills		(.2692)
Museum	.2404 Mills		(.2404)
Vehicle replacement	.7359 Mills		(.7359)
Sewer debt retirement	1.7500 Mills		(1.7500)
Street and drains	2.6000 Mills		(2.6000)
Harbor Transit	.2850 Mills		(.2850)
Council on Aging	.1195 Mills		(.1195)
	<u>11.0000 Mills</u>	\$	<u>(11.0000)</u>

**Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$1,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City has elected to not report major general infrastructure assets retroactively.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Buildings and improvements	10 - 50
Roads	10 - 30
Other infrastructure	25
Vehicles	5 - 20
Machinery and equipment	5 - 20
Computer equipment	3 - 20
Water system and sewer system	20 - 40

**Restricted Assets**

Certain resources of the general fund are classified as restricted assets on the balance sheet because their use is restricted for public transit and public improvements.

The Enterprise Funds set aside certain resources for debt retirement, which are also classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)**

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June 30, 2005

**Long-Term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Data/Reclassifications**

Comparative data is not included in the City's financial statements. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

**NOTE 2 - DEPOSITS**

Michigan Complied Laws, Section 129.91, authorizes the City to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The City is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The City Council has designated four banks for the deposit of City funds. The investment policy adopted by the Council in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and CD's, but not the remainder of State authority as listed above. The City's deposits and investment policy are in accordance with statutory authority.

As of June 30, 2005, the City's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 2,270,991	\$ 546,256	\$ 1,837	\$ 2,819,084
Restricted assets	13,916	255,606		269,522
	<u>\$ 2,284,907</u>	<u>\$ 801,862</u>	<u>\$ 1,837</u>	<u>\$ 3,088,606</u>

A summary of deposits in total by type is:

Cash in demand and savings accounts	\$ 2,585,092
Cash in certificates of deposit	503,514
	<u>\$ 3,088,606</u>

As of June 30, 2005, the City does not have any investments.



**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

**Interest Rate Risk** - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk** - The City places no limit on the amount the City may invest in any one issuer. Deposits with financial institutions were \$3,100,260 of which \$300,000 was covered by federal depository insurance. From time to time throughout the year, cash held at the bank may exceed FDIC limits. Deposits are held with three financial institutions and are carried at cost plus accrued interest.

**NOTE 3 - RECEIVABLES**

The City reported the following receivables as of June 30, 2005:

	Taxes	Interest	Connection Fees	Special Assessments	Due from Other Governments	Total Receivables
<b>Governmental Activities</b>						
General	\$ 37,327	\$ 599	\$ -	\$ -	\$ 97,764	\$ 135,690
Major streets		277		6,932	29,406	36,615
Local streets		265			8,840	9,105
Public improvement		106				106
Building department		65				65
Vehicle replacement		540				540
Public works		38				38
<b>Total Governmental Activities</b>	<b>\$ 37,327</b>	<b>\$ 1,890</b>	<b>\$ -</b>	<b>\$ 6,932</b>	<b>\$ 136,010</b>	<b>\$ 182,159</b>
<b>Business-type Activities</b>						
Sewer	\$ 43,301	\$ 247	\$ -	\$ 13,925	\$ -	\$ 57,473
Water	67,144	418	13,977	13,222		94,761
<b>Total Business-type Activities</b>	<b>\$ 110,445</b>	<b>\$ 665</b>	<b>\$ 13,977</b>	<b>\$ 27,147</b>	<b>\$ -</b>	<b>\$ 152,234</b>

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 4 - RESTRICTED ASSETS**

Assets restricted for public transit and escrow deposits in the General Fund consisted of money market accounts amounting to \$13,916 as of June 30, 2005.

Assets restricted for debt retirement in the Enterprise Funds consisted of the following at June 30, 2005:

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Totals</u>
Money market accounts	\$ 27,868	\$ 227,738	\$ 255,606
Special assessment receivable - current	<u>3,140</u>	<u>2,653</u>	<u>5,793</u>
	<u><b>\$ 31,008</b></u>	<u><b>\$ 230,391</b></u>	<u><b>\$ 261,399</b></u>

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

	Balance July 1, 2004	Additions	Disposals and Adjustments	Balance June 30, 2005
<b>Governmental Activities</b>				
Assets not being depreciated				
Land	\$ 63,007	\$ -	\$ -	\$ 63,007
Construction in progress	-	449,261		449,261
<b>Subtotal</b>	<b>63,007</b>	<b>449,261</b>	<b>-</b>	<b>512,268</b>
Capital assets being depreciated				
Buildings	445,234			445,234
Improvements other than buildings	875,460			875,460
Vehicles and equipment	691,375	23,494		714,869
Furniture and equipment	544,971	26,854	51,293	520,532
Infrastructure	595,091	317,018		912,109
<b>Subtotal</b>	<b>3,152,131</b>	<b>367,366</b>	<b>51,293</b>	<b>3,468,204</b>
Accumulated depreciation				
Buildings	238,152	11,116		249,268
Improvements other than buildings	288,625	29,455		318,080
Vehicles and equipment	455,299	25,386		480,685
Furniture and equipment	410,012	41,636	51,293	400,355
Infrastructure	1,847	33,853		35,700
<b>Subtotal</b>	<b>1,393,935</b>	<b>141,446</b>	<b>51,293</b>	<b>1,484,088</b>
Net capital assets being depreciated	1,758,196	225,920	-	1,984,116
<b>Governmental Activities - Capital Assets, net of depreciation</b>	<b>\$ 1,821,203</b>	<b>\$ 675,181</b>	<b>\$ -</b>	<b>\$ 2,496,384</b>

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

<b>Business-type Activities</b>	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Balance June 30, 2005</u>
Assets not being depreciated				
Land	\$ 15,800	\$ -	\$ -	\$ 15,800
Construction in progress	-	70,782		70,782
<b>Subtotal</b>	<b>15,800</b>	<b>70,782</b>	<b>-</b>	<b>86,582</b>
Capital assets being depreciated				
Buildings	41,010			41,010
Sewer system	7,317,900			7,317,900
Water system	4,137,236			4,137,236
Equipment	179,878			179,878
<b>Subtotal</b>	<b>11,676,024</b>	<b>-</b>	<b>-</b>	<b>11,676,024</b>
Accumulated depreciation				
Buildings	41,010			41,010
Sewer system	3,812,135	185,934		3,998,069
Water system	2,092,869	103,431		2,196,300
Equipment	175,327	1,000		176,327
<b>Subtotal</b>	<b>6,121,341</b>	<b>290,365</b>	<b>-</b>	<b>6,411,706</b>
Net capital assets being depreciated	5,554,683	(290,365)	-	5,264,318
<b>Business-type Activities - Capital Assets, net of depreciation</b>	<b>\$ 5,570,483</b>	<b>\$ (219,583)</b>	<b>\$ -</b>	<b>\$ 5,350,900</b>

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

Depreciation expense was charged to programs of the City as follows:

Governmental Activities	
General Government	\$ 78,521
Public Safety	29,451
Public Works	<u>33,474</u>
<b>Total Governmental Activities</b>	<b><u>\$ 141,446</u></b>
Business-type Activities	
Sewer	\$ 186,597
Water	<u>103,768</u>
<b>Total Business-type Activities</b>	<b><u>\$ 290,365</u></b>

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

There were no interfund receivables or payables as of June 30, 2005.

**Interfund Transfers**

	General Fund	Transfers in		Total
		Major Street Fund	Local Street Fund	
Transfers (out)				
Major Street Fund	\$ 11,100	\$ -	\$ -	\$ 11,100
Local Street Fund	3,700			3,700
Public Improvement Fund	58,000	71,000	435,000	564,000
Building Department Fund	20,000			20,000
Vehicle Replacement Fund	11,000			11,000
Sewer Fund	74,000			74,000
Water Fund	<u>74,000</u>			<u>74,000</u>
	<b><u>\$ 251,800</u></b>	<b><u>\$ 71,000</u></b>	<b><u>\$ 435,000</u></b>	<b><u>\$ 757,800</u></b>

**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)**

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June 30, 2005

**NOTE 7 - COMPENSATED ABSENCES**

Employees of the City are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The City's policy is to recognize the costs of compensated absences when actually paid to employees.

**NOTE 8 - LONG-TERM DEBT**

The City has entered into various contractual agreements with Ottawa County to provide for the construction and expansion of certain water/sewer system improvements. The City has pledged its full faith and credit for the payment of the contractual payments and is required annually to levy taxes upon all taxable property within the City to the extent necessary to make the contractual payments. The contracts are reported in the enterprise funds and are expected to be repaid from enterprise revenues.

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

Long-term debt consists of the following:

	Business- Type Activities
Contracts payable to Ottawa County for- Ottawa County Refund Bonds (Northwest Ottawa Water) due in annual principal installments of \$45,940 to \$55,125 through January 1, 2015, plus interest at 5.0% to 7.6%	\$ 497,820
Northwest Ottawa Water Supply System Bonds due in annual principal installments of \$65,036 to \$92,106 through October 1, 2010, plus interest at 4.4% to 4.7%	480,978
Ottawa County Refunding Bonds (Northwest Ottawa Water Treatment Intake) due in annual principal installments of \$34,560 to \$41,280 through May 1, 2010, plus interest at 2.2% to 3.2%	182,175
Ottawa County Refunding Bonds (Northwest Ottawa Water Treatment System), due in annual principal installments of \$24,248 to \$33,597 through May 1, 2010, plus interest at 2.2% to 3.2%	135,599
Ottawa County Water Supply and Sewage Disposal System Bonds due in annual principal installments of \$25,000 to \$30,000 through November 1, 2009, plus interest at 4.4% to 4.6%	126,870
	<u>\$ 1,423,442</u>

**THE CITY OF FERRYSBURG**  
**OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

Transactions for the year ended June 30, 2005 are summarized as follows:

	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
<b>Business-type Activities</b>				
County contractual obligations	\$ 1,904,939	\$ (435,435)	\$ 1,469,504	\$ 204,083
Less: Amortized bond premium	60,091	(14,029)	46,062	-
<b>Total Business-type Activities</b>	<b>\$ 1,844,848</b>	<b>\$ (421,406)</b>	<b>\$ 1,423,442</b>	<b>\$ 204,083</b>

The annual aggregate maturities for the years subsequent to June 30, 2005, are as follows:

<u>Years ending June 30:</u>	<u>Business-type Activities</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	
2006	\$ 204,083	\$ 67,086	\$ 271,169
2007	231,389	58,324	289,713
2008	230,855	48,612	279,467
2009	230,329	38,649	268,978
2010	202,321	28,364	230,685
2011-2015	324,465	51,949	376,414
	<b>\$ 1,423,442</b>	<b>\$ 292,984</b>	<b>\$ 1,716,426</b>

**Subsequent Event**

Subsequent to June 30, 2005, the County of Ottawa issued general obligation bonds to refund an existing bond issue. The proceeds of \$1,155,000 from the Ottawa County 2005 Refunding Bonds (Northwest Ottawa Water System) will be used to refund the Ottawa County Refunding Bonds (Northwest Ottawa Water - 1976 - Second Refunding (1995)), which are due and payable in the years 2006 through 2015, inclusive, and to pay the costs of issuance of the 2005 Refunding Bonds. The City of Ferrysburg's portion of the 2005 Refunding Bond proceeds is approximately \$325,000, payable in annual installments of \$33,720 to \$37,935 through January 1, 2015, plus interest at 3.5% to 4.0%. Interest on this bond will be payable semiannually on January 1 and July 1, commencing on July 1, 2006.



NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

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June 30, 2005

**NOTE 9 - MICHIGAN MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)**

**Plan Description and Provisions**

The City of Ferrysburg contributes to the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan. Substantially all full-time employees of the City of Ferrysburg are eligible to participate in MERS. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system.

Employees attaining the age of 50 who have completed 25 or more continuous years of service are entitled to annual benefits of 2.25% of their final average compensation for each year of service. The benefit is reduced .5% of 1% of each complete month that retirement precedes the normal retirement age of 60. The MERS permits early retirement at the completion of 25 years of continuous service. Active employees who become disabled after acquiring ten or more years of continuous service are entitled to annual benefits of 2.25% of their final average compensation for each year of service.

If an active employee or vested former employee with ten or more years of service dies before retirement, a monthly survivor allowance may be payable as follows:

- Named contingent survivor beneficiary (if any) will receive a retirement allowance computed in the same manner as a service retirement allowance, but reduced to reflect an Option II (100% joint and survivor) election.
- No named beneficiary and the employee leaves a spouse, the spouse will receive a survivor allowance. The amount of allowance shall be 85% of the deceased employee's accrued retirement allowance, based upon service and final average compensation at time of death.
- No named beneficiary and no retirement allowance being paid to a surviving spouse, unmarried children under the age of 21 will be paid an equal share of 50% of the deceased employee's accrued retirement allowance.

If an employee terminates employment with the City before age 60, other than by retirement or death, the retirement allowance is computed in the same manner as a service retirement with the applicable benefit being determined as of the date of termination. Rights to an allowance are forfeited if the employee's accumulated contributions are withdrawn.

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**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

Employees are required to contribute 5% of their annual covered salary to the MERS. The City is required to contribute the remaining amount necessary to fund the MERS, using the entry age-normal actuarial method as specified by ordinance. The contribution requirement and the actual contribution for the year ended June 30, 2005 and the preceding years, as determined by the applicable actuarial valuation report, were as follows:

<u>Years ending June 30:</u>	<u>Contribution Requirement</u>	<u>Actual Contribution</u>	<u>Percentage of Required Contribution</u>
2005	\$ 37,000	\$ 38,400	104%
2004	11,000	11,000	100%
2003	32,000	32,000	100%

**Funding Status and Progress**

The most recent actuarial valuation was prepared as of December 31, 2004 and uses the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from -0% to 8.4% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 4.5% per year after retirement, for persons falling under certain benefit levels.

Funding progress for MERS:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as % of Payroll</u>
12/31/02	\$ 476,676	\$ 808,795	\$ 332,119	58.94%	\$ 278,403	119.29%
12/31/03	511,479	881,099	369,620	58.05%	315,744	117.06%
12/31/04	571,484	1,010,446	438,962	56.56%	360,041	121.92%

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)**

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June 30, 2005

**NOTE 10 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and certain natural disasters. The City purchases commercial insurance with limits to cover substantially all potential losses.

**NOTE 11 - EXPENDITURES IN EXCESS OF BUDGET**

Michigan Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts budgeted.

In the required supplemental information, the City's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the City for these budgetary funds were adopted at the departmental line item level.

During the year ended June 30, 2005, the City incurred expenditures in certain budgeted funds that were in excess of the amounts appropriated at the department level, as follows:

	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>
General Fund - general government	\$ 474,600	\$ 475,233
General Fund - public safety	537,840	542,319
Major Street Fund - highways and streets	417,570	421,573

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## REQUIRED SUPPLEMENTAL INFORMATION

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**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
<b>Budgetary Fund Balance, July 1, 2004</b>	<b>\$ 859,723</b>	<b>\$ 859,723</b>	<b>\$ 859,723</b>	<b>\$ -</b>
<b>Resources (Inflows)</b>				
Taxes and special assessments	740,125	740,125	742,397	2,272
Federal grants	-	-	20,722	20,722
State grants	265,000	265,000	264,701	(299)
Charges for services	54,650	54,650	56,107	1,457
Fines and forfeits	13,200	13,200	21,325	8,125
Interest	40,000	40,000	27,385	(12,615)
Other income	7,500	7,500	5,153	(2,347)
Transfers from other funds	277,300	277,300	251,800	(25,500)
<b>Amounts Available for Appropriation</b>	<b>1,397,775</b>	<b>1,397,775</b>	<b>1,389,590</b>	<b>(8,185)</b>
<b>Charges to Appropriation (Outflows)</b>				
General government	474,600	474,600	475,233	633
Public safety	537,840	537,840	542,319	4,479
Public works	120,200	124,200	100,941	(23,259)
Recreation and culture	186,950	202,950	189,986	(12,964)
Other services	93,500	73,500	59,866	(13,634)
Capital outlay	184,500	184,500	30,324	(154,176)
Transfers to other funds	25,000	25,000	-	(25,000)
<b>Total Charges to Appropriations</b>	<b>1,622,590</b>	<b>1,622,590</b>	<b>1,398,669</b>	<b>(223,921)</b>
<b>BUDGETARY FUND BALANCE - June 30, 2005</b>	<b>\$ 634,908</b>	<b>\$ 634,908</b>	<b>\$ 850,644</b>	<b>\$ 215,736</b>

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - MAJOR STREET FUND**

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
<b>Budgetary Fund Balance, July 1, 2004</b>	<b>\$ 367,546</b>	<b>\$ 367,546</b>	<b>\$ 367,546</b>	<b>\$ -</b>
<b>Resources (Inflows)</b>				
State grants	180,000	344,570	346,370	1,800
Special assessments	3,400	3,400	3,466	66
Interest	4,600	4,600	6,515	1,915
Transfers from other funds	-	71,000	71,000	-
<b>Amounts Available for Appropriation</b>	<b>188,000</b>	<b>423,570</b>	<b>427,351</b>	<b>3,781</b>
<b>Charges to Appropriation (Outflows)</b>				
Highways and streets				
Street construction	90,000	325,570	322,548	(3,022)
Street maintenance	92,000	92,000	99,025	7,025
Transfers to other funds	51,100	51,100	11,100	(40,000)
<b>Total Charges to Appropriations</b>	<b>233,100</b>	<b>468,670</b>	<b>432,673</b>	<b>(35,997)</b>
<b>BUDGETARY FUND BALANCE - June 30, 2005</b>	<b>\$ 322,446</b>	<b>\$ 322,446</b>	<b>\$ 362,224</b>	<b>\$ 39,778</b>

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - LOCAL STREET FUND**

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 205,699	\$ 205,699	\$ 205,699	\$ -
<b>Resources (Inflows)</b>				
State grants	53,000	53,000	54,646	1,646
Interest	2,000	2,000	1,875	(125)
Transfers from other funds	475,000	475,000	435,000	(40,000)
<b>Amounts Available for Appropriation</b>	<b>530,000</b>	<b>530,000</b>	<b>491,521</b>	<b>(38,479)</b>
<b>Charges to Appropriation (Outflows)</b>				
Highways and streets				
Street construction	472,000	472,000	457,873	(14,127)
Street maintenance	62,600	62,600	60,486	(2,114)
Transfers to other funds	3,700	3,700	3,700	-
<b>Total Charges to Appropriations</b>	<b>538,300</b>	<b>538,300</b>	<b>522,059</b>	<b>(16,241)</b>
<b>BUDGETARY FUND BALANCE - June 30, 2005</b>	<b>\$ 197,399</b>	<b>\$ 197,399</b>	<b>\$ 175,161</b>	<b>\$ (22,238)</b>

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - PUBLIC IMPROVEMENT FUND**

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
<b>Budgetary Fund Balance, July 1, 2004</b>	<b>\$ 356,164</b>	<b>\$ 356,164</b>	<b>\$ 356,164</b>	<b>\$ -</b>
<b>Resources (Inflows)</b>				
Taxes	325,215	325,215	323,696	(1,519)
Interest	10,400	10,400	11,878	1,478
<b>Amounts Available for Appropriation</b>	<b>335,615</b>	<b>335,615</b>	<b>335,574</b>	<b>(41)</b>
<b>Charges to Appropriation (Outflows)</b>				
Transfers to other funds	503,500	574,500	564,000	(10,500)
<b>BUDGETARY FUND BALANCE -     June 30, 2005</b>	<b><u>\$ 188,279</u></b>	<b><u>\$ 117,279</u></b>	<b><u>\$ 127,738</u></b>	<b><u>\$ 10,459</u></b>



**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - VEHICLE REPLACEMENT FUND**

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
<b>Budgetary Fund Balance, July 1, 2004</b>	<b>\$ 567,965</b>	<b>\$ 567,965</b>	<b>\$ 567,965</b>	<b>\$ -</b>
<b>Resources (Inflows)</b>				
Taxes	92,090	92,090	91,595	(495)
Interest	20,200	20,200	13,155	(7,045)
<b>Amounts Available for Appropriation</b>	<b>112,290</b>	<b>112,290</b>	<b>104,750</b>	<b>(7,540)</b>
<b>Charges to Appropriation (Outflows)</b>				
Transfers to other funds	139,000	139,000	21,000	(118,000)
<b>BUDGETARY FUND BALANCE -     June 30, 2005</b>	<b><u>\$ 541,255</u></b>	<b><u>\$ 541,255</u></b>	<b><u>\$ 651,715</u></b>	<b><u>\$ 110,460</u></b>

**THE CITY OF FERRYSBURG  
OTTAWA COUNTY, MICHIGAN**

**BUDGETARY COMPARISON SCHEDULE - BUILDING DEPARTMENT FUND**

Year Ended June 30, 2005

	Original Budget	Final Amended Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
<b>Budgetary Fund Balance, July 1, 2004</b>	<b>\$ 70,415</b>	<b>\$ 70,415</b>	<b>\$ 70,415</b>	<b>\$ -</b>
<b>Resources (Inflows)</b>				
Licenses and permits	40,500	40,500	47,935	7,435
Interest	1,000	1,000	1,764	764
<b>Amounts Available for Appropriation</b>	<b>41,500</b>	<b>41,500</b>	<b>49,699</b>	<b>8,199</b>
<b>Charges to Appropriation (Outflows)</b>				
Other	37,000	32,500	24,271	(8,229)
Capital outlay	-	4,500	-	(4,500)
Transfers to other funds	20,000	20,000	20,000	-
<b>Total Charges to Appropriations</b>	<b>57,000</b>	<b>57,000</b>	<b>44,271</b>	<b>(12,729)</b>
<b>BUDGETARY FUND BALANCE - June 30, 2005</b>	<b>\$ 54,915</b>	<b>\$ 54,915</b>	<b>\$ 75,843</b>	<b>\$ 20,928</b>